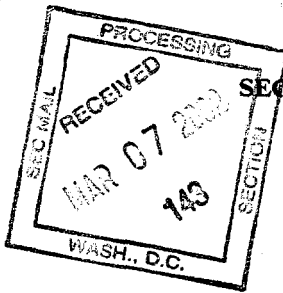




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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

**ANNUAL AUDITED REPORT
FORM X-17A-5
PART III**

Uf 3-13-02

| OMB APPROVAL | |
|------------------------------------------------------|--------------------|
| OMB Number: | 3235-0123 |
| Expires: | September 30, 1998 |
| Estimated average burden hours per response . . . | 12.00 |

| SEC FILE NUMBER |
|-----------------|
| 8- 47006 |

FACING PAGE

Information Required of Brokers and Dealers Pursuant to Section 17 of the
Securities Exchange Act of 1934 and Rule 17a-5 Thereunder

PROCESSED

MAR 22 2002

REPORT FOR THE PERIOD BEGINNING 01/01/2001 AND ENDING 12/31/2001
MM/DD/YY MM/DD/YY

**THOMSON
FINANCIAL**

A. REGISTRANT IDENTIFICATION

NAME OF BROKER-DEALER:

UNIVEST SECURITIES, INC.

OFFICIAL USE ONLY

ADDRESS OF PRINCIPAL PLACE OF BUSINESS: (Do not use P.O. Box No.)

401 BROADWAY, SUITE 2200

FIRM ID. NO.

| | | |
|-----------|------------------|------------|
| | (No. and Street) | |
| NEW YORK, | NEW YORK | 10013 |
| (City) | (State) | (Zip Code) |

NAME AND TELEPHONE NUMBER OF PERSON TO CONTACT IN REGARD TO THIS REPORT

YING CUI (212) 966-0996

(Area Code — Telephone No.)

B. ACCOUNTANT IDENTIFICATION

INDEPENDENT PUBLIC ACCOUNTANT whose opinion is contained in this Report*

YIN SHEN CO., CPA

(Name — if individual, state last, first, middle name)

31-50 140TH STREET, SUITE 6C, FLUSHING, NEW YORK 11354

| | | | |
|-----------|--------|---------|-----------|
| (Address) | (City) | (State) | Zip Code) |
|-----------|--------|---------|-----------|

CHECK ONE:

- ☒ Certified Public Accountant
☐ Public Accountant
☐ Accountant not resident in United States or any of its possessions.

FOR OFFICIAL USE ONLY

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See section 240.17a-5(e)(2).

OATH OR AFFIRMATION

I, YING CUI, swear (or affirm) that, to the best of my knowledge and belief the accompanying financial statement and supporting schedules pertaining to the firm of UNIVEST SECURITIES, INC., as of DECEMBER 31, 2001, 19 , are true and correct. I further swear (or affirm) that neither the company nor any partner, proprietor, principal officer or director has any proprietary interest in any account classified solely as that of a customer, except as follows:

STATE OF NEW YORK
COUNTY OF NEW YORK
SWORN TO BEFORE ME
THIS 21 DAY OF Feb, 2002

Notary Public

STANLEY TISCHLER
COMMISSIONER OF DEEDS
CITY OF NEW YORK NO. 4-3961
CERTIFICATE FILED IN NEW YORK COUNTY
COMMISSION EXPIRES MAY 1, 2002

PRESIDENT, CEO

Title

This report** contains (check all applicable boxes):

- ☒ (a) Facing page.
- ☒ (b) Statement of Financial Condition.
- ☒ (c) Statement of Income (Loss).
- ☒ (d) Statement of Changes in Financial Condition.
- ☒ (e) Statement of Changes in Stockholders' Equity or Partners' or Sole Proprietor's Capital.
- ☐ (f) Statement of Changes in Liabilities Subordinated to Claims of Creditors.
- ☒ (g) Computation of Net Capital
- ☒ (h) Computation for Determination of Reserve Requirements Pursuant to Rule 15c3-3.
- ☐ (i) Information Relating to the Possession or control Requirements Under Rule 15c3-3.
- ☐ (j) A Reconciliation, including appropriate explanation, of the Computation of Net Capital Under Rule 15c3-1 and the Computation for Determination of the Reserve Requirements Under Exhibit A of Rule 15c3-3.
- ☐ (k) A Reconciliation between the audited and unaudited Statements of Financial Condition with respect to methods of consolidation.
- ☒ (l) An Oath or Affirmation.
- ☐ (m) A copy of the SIPC Supplemental Report.
- ☐ (n) A report describing any material inadequacies found to exist or found to have existed since the date of the previous audit.

**For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

Univest Securities, Inc.

FINANCIAL STATEMENTS

December 31, 2001

A

New York, New York

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Independent Auditor's Report

Board of Directors
Univest Securities, Inc.:

We have audited the accompanying statement of financial condition of Univest Securities, Inc. as of December 31, 2001, and related statements of income, changes in stockholders' equity, and cash flows for the year then ended that you are filing pursuant to Rule 17a-5 under the Securities Exchange Act of 1994. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Univest Securities, Inc. at December 31, 2001, and the results of their operation and their cash flows for the year then ended in conformity with generally accepted accounting principles.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in Schedules I is presented for purposes of additional analysis and not a required part of the basic financial statements, but is supplementary information required by Rule 17a-5 under the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all respects in relation to the basic financial statements taken as a whole.

Yin Shen Co. CPA



New York, New York
February 26, 2002

UNIVEST SECURITIES, INC.

Statement of Financial Condition
December 31, 2001

ASSETS

| | |
|-------------------------------------------------|--------------|
| Cash & cash equivalent | 1,120,945 |
| Commission and other receivable | 95,745 |
| Deposit with Clearing House(Principal \$50,000) | 50,000 |
| Other securities | 257,111 |
| Furniture, equipment at cost; | 90,321 |
| Less accumulated depreciation | (67,658) |
| Other assets | 83,356 |
| | ----- |
| Total assets | \$ 1,629,821 |
| | ===== |

LIABILITIES AND STOCKHOLDERS' EQUITY

Liabilities

| | |
|--------------------------|-----------|
| Commission payable | \$ 79,349 |
| Securities Borrowed | 7,600 |
| Other payable | 76,294 |
| Income tax payable | 1,328 |
| Deferred tax liabilities | 3,761 |
| | ----- |
| Total liabilities | 168,332 |

Stockholders' Equity

| | |
|--------------------------------------------|--------------|
| Common stock | 232,500 |
| Additional paid-in capital | 755,621 |
| Treasury stock | 0 |
| Retained earnings | 473,368 |
| | ----- |
| Total stockholders' equity | 1,461,489 |
| | ----- |
| Total liabilities and stockholders' equity | \$ 1,629,821 |
| | ===== |
| | 0 |

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Statement of Income
for the Year Ended December 31, 2001

REVENUES:

| | |
|--------------------------------|--------------|
| Commissions and service income | \$ 1,693,688 |
| Principal transactions | 113,530 |
| Interest and dividends | 37,057 |
| Other income | 405,156 |
| | ----- |
| | \$ 2,249,431 |
| | ----- |

EXPENSES:

| | |
|---------------------------------------|------------|
| Employee compensation and benefits | \$ 434,741 |
| Exchange, and clearing fees | 33,544 |
| Commission to other broker and dealer | 486,388 |
| Communications and data processing | 31,352 |
| Advertising and Promotion | 23,078 |
| Occupancy | 101,392 |
| Service and consulting fee | 566,751 |
| Other expenses | 232,447 |
| | ----- |
| | 1,909,692 |
| | ----- |
| INCOME BEFORE INCOME TAXES | 339,739 |
| | |
| PROVISION FOR INCOME TAXES | 10,985 |
| | ----- |
| NET INCOME (LOSS) | \$ 328,754 |
| | ===== |

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Statement of Cash Flows
for the Year Ended December 31, 2001

CASH FLOWS FROM OPERATING ACTIVITIES:

| | | |
|----------------------------------------------------------------------------------|----------|------------|
| Net income | | \$ 328,754 |
| Adjustments to reconcile net income to net cash used in operating activities: | | |
| Depreciation | 9,937 | |
| Deposits with clearing organizations | 0 | |
| Securities owned, net | 129,278 | |
| Payable to clearing house | (97,647) | |
| Commission receivable | 112,770 | |
| Commission payable | (76,625) | |
| Income tax payable | (32,875) | |
| Deferred tax liabilities | (313) | |
| Other payable | 51,385 | 95,910 |
| Total adjustments | | |
| Net cash used in operating activities | | 424,664 |

CASH FLOWS FROM INVESTING ACTIVITIES:

| | | |
|---------------------------------------|----------|----------|
| Purchase of furniture and equipment | (4,887) | |
| Others | (31,629) | (36,516) |
| Net cash used in investing activities | | (36,516) |

CASH FLOWS FROM FINANCING ACTIVITIES:

| | | |
|-------------------------------------------|---|---|
| Shareholders' withdrawals | 0 | 0 |
| Net cash provided by financing activities | | 0 |

| | |
|-------------------------------|-------------|
| INCREASE IN CASH | 388,148 |
| CASH AT BEGINNING OF THE YEAR | 732,797 |
| CASH AT END OF THE YEAR | \$1,120,945 |
| | ===== |
| | 0 |

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Statement of Changes in Stockholders' Equity
for the Year Ended December 31, 2001

| | Capital Stock | | | Treasury | | | Total Stockholders' Equity |
|---------------------------------|---------------|------------|----------------------------------|----------------------|----------------|--------|----------------------------------|
| | Common | | Additional Paid-in Capital | Retained Earnings | stock - common | | |
| | Shares | Amount | | | shares | Amount | |
| Balance at December 31, 2000 | 200 | \$ 232,500 | 413,928 | 486,308 | - | - | 1,132,736 |
| Net income(loss) | | | | 328,754 | | | 328,754 |
| Changes in Capital | 0 | | 341,693 | (341,693) | - | - | (0) |
| Balance at December 31, 2001 | 200 | 232,500 | 755,621 | 473,369 | 0.00 | 0.00 | \$ 1,461,490 |

The accompanying notes are an integral part of these financial statements

UNIVEST SECURITIES, INC.

Notes to Financial Statements
December 31, 2001

1. Organization and nature of business

The Company is an introducing broker registered with the National Association of Securities Dealers, Inc. (NASD). The Company is exempt from SEC customer protect rules. The Company is a New York corporation. The Company is also Registered in the State of New Jersey in 2001

2. Significant accounting policies

The Company is engaged in a single line of business as an introducing broker. The financial statements reflect its own principal transactions and activities. The Company does not carry customers' accounts. Customers' securities are transacted through accounts of clearing organizations on a fully disclosed basis pursuant to the requirements of SEC rules 17a-3 and 17a-4.

Proprietary securities transactions in regular-way are recorded on trade date, as if they had settled. Profit and loss arising from all securities transactions entered for the account and risk of the Company are recorded on trade date.

There is no transactions involving purchases of securities under agreements to resell or sales of securities of securities under agreements to repurchase.

Commissions and related clearing expenses are recorded on a trade date basis as securities transactions occur.

The Company employed double declining method to depreciate its furniture and office equipment for five years for 1996, 1997 and 1998; starting from 1999, depreciation is provided on a straight line basis using estimate useful life for five years.

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

For purpose of the statement of cash flows, the Company has defined cash equivalents as highly liquid investments, with original maturities of less than 90 days, that are not held for sale in the ordinary course of business.

Notes to financial Statements (cont.)

3. Securities owned

The Company owned marketable securities as December 31, 2001 are corporate stocks which worth \$257,111; Treasury bill for \$50,000 as good faith deposit; NASD warrants for \$3,300 and NSAD common stock for \$15,600.

4. Net Capital Requirements

The Company is subject to the Securities and Exchange Commission Uniform Net Capital rule(SEC Rule 15c3-1), which requires the maintenance of minimum net capital and requires that the ratio of aggregate indebtedness to net capital, both as defined, shall neither exceed 15 to 1 nor the dollar amount of \$100,000, whichever is larger. At December 31, 2001, the Company had net capital of \$1,299,105 which was \$1,199,105 in excess of its required net capital. The company's net capital ratio was 0.12 to 1.

5. Income tax

The Company paid and accrued , state and local corporation income taxes in 2001. There was no federal income tax due to S corporation status. The deferred income tax is due to the time difference of accelerated depreciation. Liabilities of income tax payable as of December 31, 2001 is as follows:

| | <u>Current</u> | <u>Deferred</u> | <u>Total</u> |
|----------------|----------------|-----------------|----------------|
| Federal | \$0 | 0 | 0 |
| New York State | 98 | 1,934 | 2,032 |
| New York City | 1,230 | 1,827 | 3,057 |
| | <u>1,328</u> | <u>3,761</u> | <u>\$5,089</u> |

For the tax purpose, the Company made an election by a Small business Corporation under section 1362 of the Internal revenue Service as well as an election by a federal S Corporation to be treated as a New York S Corporation since 1997. There was no federal income tax provision. The Company is partly operating business in New Jersey State and also is elected as New Jersey S Corporation in 2001.

6. Contingence

The Company's office lease expired in year of 2000. Current lease is based on month by month method.

7. Pension plan

The Company adopted Savings Incentive Match Plans for Employees (SIMPLE) plan for certain eligible employees since 1997. The Company chosen the elective contribution matching with the employees salary reduction contribution.

8. The Company opened an another local branch office in year 2000 and received a good faith deposit in the amount of \$20,903.24.

Supplement Information
Pursuant to Rule 17a-5 of the Securities Exchange Act of 1934

As of December 31, 2001

The accompanying schedules are prepared in accordance with the requirements and general format of FOCUS form X-17A-5.

SCHEDULE I

UNIVEST SECURITIES, INC. Computation of Net capital Under rule 15c3-1 of the Securities and Exchange Commission

As of December 31, 2001

NET CAPITAL

| | | |
|-----------------------------------------------------------|----------|-------------|
| Total stockholders' equity | | \$1,461,489 |
| Deduct stockholders' equity not allowable for net capital | | 0 |
| | | ----- |
| Total stockholders' equity qualified for net capital | | 1,461,489 |
| Deductions: | | |
| Nonallowable assets | | |
| Furniture, and equipment, net | (22,664) | |
| Other assets | (83,356) | (106,020) |
| | | ----- |
| | | 1,355,469 |
| Net capital before haircuts on securities positions | | |
| Haircuts on securities | | |
| Trading and investment securities | | |
| | | |
| Other securities | (38,567) | |
| Exempted securities | 0 | |
| Options | (17,798) | (56,364) |
| | | ----- |
| NET CAPITAL | | \$1,299,105 |
| | | ===== |

AGGREGATE INDEBTEDNESS

| | | |
|------------------------------------|--------|-----------|
| Commission payable | 79,349 | |
| Other payable and accrued expenses | 81,383 | 160,732 |
| | | ----- |
| Total aggregate indebtedness | | \$160,732 |
| | | ===== |

COMPUTATION OF BASIC NET CAPITAL REQUIREMENT

| | |
|--------------------------------------------------------|-------------|
| Minimum net capital required: | 10,715 |
| Minimum dollar required: | \$100,000 |
| | ===== |
| Excess net capital | \$1,199,105 |
| | ===== |
| Excess net capital at 1,000% (Net capital - 10% of AI) | \$1,283,032 |
| | ===== |
| Ratio: Aggregate indebtedness to net capital | 0.12 |
| | ===== |

Schedule I (cont.)

RECONCILIATION WITH COMPANY'S COMPUTATION (included in
Part II of Form X-17A-5 as of December 31, 2001)

Net capital, as reported in Company's Part II (unaudited)

| | |
|--------------|-------------|
| FOCUS report | \$1,299,105 |
|--------------|-------------|

Adjustments:

| | | |
|--------------------------|-------|-----|
| Accrued accrued expenses | (\$0) | (0) |
|--------------------------|-------|-----|

Net capital per above

| |
|-------------|
| \$1,299,105 |
|-------------|

=====

Schedule II

UNIVEST SECURITIES, INC.

Computation for Determination of Reserve Requirements
Under Rule 15c3-3 of the Securities and Exchange Commission

As of December 31, 2001

Univest Securities, Inc. is an introducing broker and is exempt from the provision of SEC Rule 15c3-3 under Subsection (k)(2)(B). The conditions of exemption are being maintained.

President

A handwritten signature in black ink, appearing to be 'J. King', written over a horizontal line.

Univest Securities, Inc.

February 26, 2002

**Report on Internal Control Structure Required by SEC Rule 17A-5
For a Broker-dealer Claiming an Exemption from SEC Rule 15c3-3**

Board of Directors
Univest Securities, Inc.:

In planning and performing our audit of the financial statements and supplemental schedule of Univest Securities, Inc. (the "Company") for the year ended December 31, 2001, we considered its internal control structure, including procedures for safeguarding securities, in order to determine our auditing procedures of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

Also, as required by Rule 17a-5(g)(1) of the Securities Exchange Commission (the "Commission"), we have made a study of the practices and procedures followed by the Company including tests of such practices and procedures that we considered relevant to the objectives stated in Rule 17a-5(g) in making the periodic computations of aggregate indebtedness and net capital under Rule 17a-3(a)(11) and for determining compliance with the exemptive provisions of Rule 15c3-3. We did not review the practices and procedures followed by the Company in making quarterly securities examinations, counts, verifications and comparisons, and the recordation of differences required by Rule 17a-13 or in complying with the requirements for prompt payment for securities under Section 8 of Regulation T of the Board of Governors of the Federal Reserve system, because the Company does not carry security accounts for customers or perform custodial functions relating to customer securities.

The management of the Company is responsible for establishing and maintaining an internal control structure and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures and of the practices and procedures referred to in the preceding paragraph and to assess whether those practices and procedures can be expected to achieve the Commission's above mentioned objectives. Two of the objectives of an internal control structure and practices and procedures are to provide management with reasonable, but not absolute, assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance

with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

Because of inherent limitations in any internal control structure or the practices and procedures referred to above, errors or irregularities may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no material involving the internal control structure, including procedures for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the Commission to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at December 31, 2001, to meet the SEC's objectives.

This report is intended solely for the use of the Board of Directors, management, the Securities and Exchange Commission, National Association of Securities Dealers, Inc., and other regulatory agencies that rely on Rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and should not be used for any other purpose.



Yin Shen Co. CPA
New York, New York
February 26, 2002